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INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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COUNTRY Poland

REPORT

SUBJECT Military Pricing and Finance in
Poland

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2. Poland, however, did partially support the Soviet troops stationed on her territory by supplying food, such as, meat, milk, eggs, fresh fruits and vegetables. The Soviet Government paid for these supplies through the foreign trade exchange channels. [redacted] the allocation of food was made centrally by the Ministry of Internal Trade. Each month the quotas of all categories of food were allocated according to requirements of a Soviet Quartermaster Office located in Legnica. The Polish Ministry of Internal Trade set an allocation table for district or regional sale centers (centrala zbytu) and for wholesale food depots and slaughter houses from which the Soviet troops from various garrisons collected the items by their own transportation means. The Soviet troops did not pay cash for these supplies, but instead issued only receipts. The receipts, figured in zlotys, were later sent by the sales centers or food depots to the Polish National Bank branches. At the Polish National Bank these receipts were paid in on a special foreign

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trade account with the USSR, and the same amount of money was at the same time paid by check to the sales centers or the depots. Once a year a balance sheet was made, and the Polish-Soviet foreign trade accounts were settled on a special rate of exchange. [redacted] the Soviets paid for some deliveries at world market prices and for others according to bilateral specific agreements. The rate of exchange varied for various supplies from two to 10 zlotys for one ruble, when the official rate of exchange was one zloty for one ruble.

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3. [redacted] there was a special Soviet accounting office at the Soviet Quartermaster in Legnica. Polish Colonel Kogut (fnu), who was a Polish liaison officer at the Soviet headquarters in Legnica from 1955 to the spring of 1957, was in direct contact with the Military Bureau at the Ministers' Council Office. Director of the Military Bureau was Colonel Moskalik (fnu).

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4. Dodin (fnu), director of the Accounting and Supply Office (DAL) of the Ministry of Foreign Trade, and Burakiewicz (fnu) [redacted] was in charge of foreign trade matters in the Ministers' Council Office. [redacted] in addition to food and various goods, the USSR forces stationed in Poland also periodically received small sums of Polish currency. These Polish zlotys were needed by Soviet forces for various payments for services, for purchases, for salaries and wages to Polish craftsmen and employees in various garrisons, and for expenses incurred during training exercises in Poland. [redacted] the Soviet troops were restricted in the amounts of zlotys they could draw in cash, because the rate of exchange was set at one zloty to one ruble.

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5. [redacted] The requisition of these buildings and grounds needed for the Soviet forces stationed in Poland was always conducted by the Polish administrative authorities through the intermediary channel of the Ministers' Council Office where all Soviet requirements were sent. [redacted] the construction costs of two new airfields for the Soviet Air Force--one in Kluczewo (N52-38, E16-30) which was built in 1954, and the other one near Wroclaw, which was still under construction in 1957--were paid in zlotys by the Soviet Army Quartermaster Office to the Polish construction enterprises directly through the Polish Investment Bank.

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6. [redacted] the Soviet military establishments [redacted] paid for all deliveries mentioned above according to the so-called State price list. This price was the same as that paid by the Polish State-owned enterprises, and it was always lower than the market price for the civilian population. For all services rendered directly by Polish citizens and for all local market purchases the Soviet troops always paid the market price. [redacted] deliveries to the Soviet troops in various garrisons often caused resentment among the Polish population when there was, at the same time, a shortage of food in the shops. [redacted] such attitudes in Silesia, particularly in Wroclaw and in Szczecin. The Polish people usually knew from local sales centers the amount of food delivered to the Soviet garrisons.

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7. [redacted] there were few enterprises which were directly controlled by the Ministry of National Defense, other than: the repair workshops for tanks, automobiles, airplanes, armament equipment, engineering and signal equipment; hospitals; and such service enterprises as the Military Sales Center (Wojskowa Centrala Handlowa), Central Administration of Polish Army Rest Centers (Centralny Zarzad Domow Wypoczynkowych W.P.), Repair Service for Military Barracks and Buildings (Sluzba Remontu Budownictwa i Objektow Wojskowych), Military Press (Prasa Wojskowa), Polish Army Theater (Teatr Wojska Polskiego), Military Cartographic Publications (Wojskowe Wydawnictwa Kartograficzne), and a number of agricultural farms administered by the Army. [redacted] a principle introduced by Marshal ROKOSSOVSKIY specified that everything needed by the Polish armed forces had to be produced by civilian industries and not by enterprises controlled directly by the Polish armed forces.

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8. The State-owned enterprises of heavy industry also added three percent interest to their own costs of production. In light industry the price lists of products were fixed by the State Pricing Commission and the profit for consumer goods amounted to about 40 percent. The only real profit made by the government was for products sold not to the State enterprises but those sold to the civilian population. Neither heavy nor light industries paid any taxes. Taxes were paid only by the trade enterprises.

9. [redacted] 25X1

10. [redacted] the official allocation fund for military expenditures for 1957 was about 8.5 percent of the entire national budget. In addition to this 8.5 percent, there were also sums hidden in investment funds and various sums for civilian administration. The national budget was always balanced, and the funds for special programs and activities of the military, Communist Party and security services were obtained mainly by lowering of real wages; by setting high prices for consumer goods and products; and by such big operations as the 3 January 1953 change in the value of the zloty, when for the old 100 zlotys only three zlotys were exchanged.

11. Both the Ministry of Industrial Construction, which built airfields, sea-shore and naval fortifications on the Baltic coast including the Hel Peninsula (N54-45, E18-40) and the Karwia area (N54-50, E18-13), and the former Ministry for Towns and Settlement Construction, which built barracks, hospitals, housing projects, and other buildings for the Polish armed forces, dealt with the following military establishments:

- a. Quartering Construction Department of the Ministry of National Defense (Departament Kwaterunkowo-Budowlany Ministerstwa Obrony Narodowej)
- b. Airfields Administration of the Polish Air Force Headquarters (Zarzad Lotniskowy (?) Dowodztwa Wojsk Lotniczych)
- c. Polish Naval Headquarters in Gdansk (Dowodztwo Marynarki Wojennej)
- d. Headquarters of the Soviet Army (Dowodztwo Armii Radzieckiej - DAR) in Legnica.

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The above mentioned organizations acted as investors and according to individual agreements for each construction project supervised the construction work and made the payments for materials, labor, and all general costs. The payments were made on account every two or four weeks as the work progressed. The military establishments received no preferential prices. Instead the construction enterprises added to their own costs, which were usually calculated higher for the military than for other ministries, three percent interest. [redacted] in almost all cases the construction enterprises working for the Polish armed forces always worked at a loss; these losses were mainly caused by changes of construction projects, delays in supplying documentation and materials, and severe security measures.

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